

Message Text

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12

ACTION AF-06

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

/065 W

----- 069904

R 150841Z MAR 75

FM AMEMBASSY MASERU

TO SECSTATE WASHDC 4736

INFO AMEMBASSY GABORONE

AMEMBASSY MBABANE

LIMITED OFFICIAL USE MASERU 276

E.O. 11652: N/A

TAGS: EINV, LT, EGEN

SUBJECT: PRIME MINISTER REAFFIRMS LESOTHO DESIRE FOR PRIVATE
INVESTMENT

REF: MASERU A-12

1. PRIME MINISTER JONATHAN REAFFIRMED LESOTHO'S DESIRE FOR FOREIGN PRIVATE INVESTMENT DURING A CONVERSATION WITH ME ON MARCH 14 ABOUT MINISTER OF COMMERCE MOITSE'S RECENT PRONOUNCEMENTS THAT WHOLESALE AND RETAIL TRADE MUST BE IN BASOTHO HANDS IN FIVE YEARS. HE SAID LESOTHO WELCOMED FOREIGN CAPITAL AS LONG AS INVESTORS ACCEPTED SOME LESOTHO EQUITY PARTICIPATION AND TRAINED BASOTHO LABOR. THE PRIME MINISTER CITED THE RECENTLY CONCLUDED AGREEMENT WITH ANGLO-AMERICAN FOR INVESTMENT IN DIAMOND DEVELOPMENT AS EVIDENCE OF LESOTHO'S POLICY AND INTENTION RE FOREIGN PRIVATE CAPITAL.

2. COMMENT: SENIOR OFFICIALS SEEM TO FEEL THAT BASOTHO ARE FULLY CAPABLE OF MANAGING AND OPERATING WHOLESALE AND RETAIL ESTABLISHMENTS. THEIR MOVE IN TRADING SECTOR ALSO REFLECTS POLITICAL CONCERN THAT LARGE FOREIGN-MOWNED RETAIL AND WHOLESALE CONCERNS
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(MAINLY SOUTH AFRICAN) HAVE BEEN EXPLOITING CONSUMERS BY UNREASONABLE

MARK-UPS. WE BELIEVE LESOTHO IS ANXIOUS TO ATTRACT PRIVATE CAPITAL
BUT DOES NOT SEEM TO APPRECIATE THE POSSIBLE ADVERSE IMPACT OF RECENT
ACTIONS IN TRADING FIELD ON INVESTMENT CLIMATE AS A WHOLE
(SEE A-12).
BOLEN

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NNN

Message Attributes

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Margaret P. Grafeld
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